

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 /011 W

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P 251126Z NOV 74

FM AMEMBASSY MANAMA BAHRAIN

TO SECSTATE WASHDC PRIORITY 1672

LIMITED OFFICIAL USE SECTION 1 OF 2 MANAMA 0987

FOR NEA/EX WILLIAMSON

E.O. 11652: N/A

TAGS : ABLD, BA

SUBJECT : HOUSING OF CHANCERY IN MANAMA

1. IN ORDER TO TAKE FULL ADVANTAGE OF RON MAIN'S CONSULTATION TIME IN WASHINGTON I WOULD APPRECIATE YOUR PASSING TO HIM THE FOLLOWING WRAPUP ON THE PROSPECTS, QUESTION OF FUNDING ASIDE, FOR BEING ABLE TO OBTAIN ADEQUATE PREMISES FOR MANAMA CHANCERY. NEEDLESS TO SAY I WOULD BE PERSONALLY GRATEFUL FOR ANY ADVICE AND ASSISTANCE YOU MIGHT BE ABLE TO GIVE HIM ON THIS QUESTION THIS WEEK.

2. FOR MAIN: A) EXPANDING OUR PRESENT BUILDING (MANSOORI) REMAINS A SENSIBLE OBJECTIVE AGAINST WHICH OTHER ALTERNATIVES SHOULD BE MEASURED. SINCE YOUR DEPARTURE FOR HOME LEAVE THERE HAVE BEEN THE FOLLOWING DEVELOPMENTS: AMERICAN BUREAU OF SHIPPING CONTINUES TO APPEAR WILLING TO RELEASE THIRD FLOOR APARTMENT WHENEVER IT FINDS EQUALLY SUITABLE ALTERNATIVE GUEST HOUSE QUARTERS, BUT WE ARE NOT AWARE IT MAKING ANY PROGRESS ALONG THIS LINE. UNDERSTAND ABS LEASE EXPIRES APPROXIMATELY NEXT MAY.

B) BROWN AND ROOT HAS NOW NOTIFIED YOU IN WRITING IT IS UNWILLING TO RELEASE EITHER OF REMAINING TWO APARTMENTS IN BUILDING WITHIN NEAR FUTURE. MY UNDERSTANDING IS THAT ONE LEASE EXPIRES EARLY NEXT SUMMER AND THE OTHER EARLY NEXT FALL, BUT THERE ARE LIMITED OFFICIAL USE

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UNDOUBTEDLY RENEWAL PROVISIONS. I ASSUME FROM

NOTIFICATION TO YOU THAT BROWN AND ROOT WILL SEEK TO RENEW LEASES AND THAT WE WILL HAVE TO BID AGAINST THEM TO PERSUADE MANSOORI TO TURN THESE TWO APARTMENTS OVER TO US. C) MANSOORI HAS NOTIFIED EMBASSY IN WRITING THAT WHEN PRESENT LEASE EXPIRES NEXT OCTOBER HE INTENDS TO RAISE RENT ON THREE APARTMENTS WE ARE CURRENTLY OCCUPYING FROM BD 200 TO BD 300 PER MONTH. RENEWAL TERMS IN LEASE WOULD APPEAR TO PROHIBIT THIS, BUT GIVEN RAPIDLY ACCELERATING RENTAL LEVELS HERE, I AM NOT CATEGORICALLY POSITIVE WE COULD HOLD HIM TO RENEWAL TERMS IN COURT. IN ADDITION THERE IS ALWAYS PRACTICAL QUESTION OF EXTENT TO WHICH THIS PARTICULAR LOCAL ROBBER BARON MIGHT GO IN INDULGING IN TENANT TORTURE TACTICS WHICH CERTAIN OTHER ESTEEMED MEMBERS OF LOCAL LANDLORD CLASS ARE USING TO FORCE RENT INCREASES DESPITE PROTECTIVE PROVISIONS IN LEASE TERMS. THERE IS NO QUESTION BROWN AND ROOT OR OTHER BIDDERS WILL BE WILLING TO PAY MINIMUM BD 300, PROBABLY MORE BY NEXT SUMMER, TO LEASE APARTMENTS IN THIS BUILDING AND HENCE I CANNOT VISUALIZE OUR BEING ABLE TO ACQUIRE ENTIRE BUILDING EDAJ5 9, 534. 8, 2#8:# AVERAGE RENT FOR THE SIX APARTMENTS WOULD BE AT LEAST BD 250 EACH, POSSIBLY BD 300 OR MORE.

3. IN ABSENCE AUTHORIZATION FROM DEPARTMENT TO PERSUE FOREIGN SERVICE INSPECTORS' RECOMMENDATION THAT WE MOVE TO ACQUIRE ADEQUATE CHANCERY PREMISES, WE HAD NO ALTERNATIVE BUT TO REFUSE POSSIBILITY ACQUIRING THE SIX APARTMENT SHAIKH ISA (MOHAMMAD JALAL) BUILDING WHICH WE WERE LOOKING INTO UPON YOUR DEPARTURE. AT TIME WE REFUSED IT WAS BEING OFFERED AT BD 300 PER APARTMENT ON BASIS OUR TAKING ALL SIX. SUBSEQUENTLY WE HAVE BEEN APPROACHED WITH COMPARABLE ALTERNATIVE, A NEW SIX APARTMENT BUILDING ACROSS THE STREET FROM AL BUSTAN BUT FACING GULF IN MANAMA SAILING CLUB PIER AREA. THIS IS BETTER LOCATION THAN PRESENT CHANCERY PREMISES AND WOULD SOLVE PRESENT AND POTENTIAL PARKING PROBLEMS. THIS BUILDING, WHICH WILL BE COMPLETED IN ABOUT THREE MONTHS, IS BEING OFFERED AT BD 300 PER APARTMENT, IS NOT CENTRALLY AIR CONDITIONED, APPEARS marginally BETTER THAN PRESENT BUILDING, AND WOULD BE LIMITED OFFICIAL USE

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UTILIZED IN APPROXIMATELY SAME WAY WE HAD PLANNED TO USE MANSOORI BUILDING. ITS MAIN ADVANTAGE IS THAT IT IS AVAILABLE WHILE PROSPECTS OUR ACQUIRING ALL OF MANSOORI BUILDING APPEAR INCREASINGLY REMOTE. WE WOULD OF COURSE HAVE TO MOVE QUICKLY TO ACQUIRE THIS PROPERTY.

4. WE HAVE ALSO BEEN OFFERED OPPORTUNITY TO RENT NEW BUILDING BEING CONSTRUCTED ON GOVERNMENT ROAD, NEXT TO

BRITISH EMBASSY AND APPROXIMATELY ACROSS THE STREET FROM HILTON HOTEL. COMPLETION IS PLANNED FOR APPROXIMATELY AUGUST. IT IS SIX FLOORS DESIGNED FOR GENERALLY OPEN GROUND FLOOR, A MEZZANINE BALCONY COVERING APPROXIMATELY HALF OF GROUND FLOOR AREA, TWO FLOORS OF OFFICES, AND TWO FLOORS OF APARTMENTS EACH CONSISTING OF TWO TWO-BEDROOM APARTMENTS. AT THIS STAGE OF CONSTRUCTION MANY DESIGN VARIATIONS REMAIN POSSIBLE BUT PROSPECTIVE TENANT WOULD HAVE TO MAKE FIRM COMMITMENT IN NEXT FEW WEEKS. FOR INSTANCE, ARRANGEMENTS COULD BE MADE TO PROVIDE FIVE RATHER THAN FOUR STAFF APARTMENTS VARYING FROM ONE TO THREE BEDROOMS. THIS IS OF COURSE PROBABLY THE BEST LOCATION IN BAHRAIN AND BUILDING WOULD PROVIDE AMPLE AND IMPRESSIVE CHANCERY/STAFF CLSIDENCE QUARTERS. BY ACQUIRING THIS BUILDING WE WOULD HAVE ESSENTIALLY ACCOMPLISHED PURPOSE OF PROVIDING ADEQUATE CHANCERY PREMISES FOR EMBASSY FOR FORESEEABLE FUTURE. RENT IS BD 4800 PER MONTH, WHICH IS APPROXIMATELY FIFTY PERCENT MORE THAN WE WOULD PAY FOR SAME AMOUNT OF CHANCERY SPACE AND STAFF HOUSING OPERATING ON BASIS OF ALTERNATIVES NOTED ABOVE. AGAIN, WE MUST MAKE DECISION WITHIN A FEW WEEKS IF THIS PROPERTY IS TO REMAIN AVAILABLE TO US.

5. HOPE YOU WILL DISCUSS THIS SITUATION WITH WILLIAMSON TO EXTENT HIS BUSY SCHEDULE PERMITS. I REALIZE DEPARTMENT IS FACING SEVERE BUDGETARY PRESSURES AND THAT ALL OF

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ACTION NEA-10

INFO OCT-01 ISO-00 /011 W

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FM AMEMBASSY MANAMA BAHRAIN

TO SECSTATE WASHDC PRIORITY 1673

LIMITED OFFICIAL USE SECTION 2 OF 2 MANAMA 0987

FOR NEA/EX WILLIAMSON

E.O. 11652: N/A

TAGS : ABLD, BA

SUBJECT : HOUSING OF CHANCERY IN MANAMA

RENTS NOTED

ABOVE SOUND OUTRAGEOUS BY WASHINGTON STANDARDS. FACT REMAINS THAT WE ARE NOT ADEQUATELY HOUSED HERE AND THAT INCREASING PRESSURE ON REAL ESTATE MARKET CONTINUES TO DRIVE RENTS UP. THREE YEAR HISTORY OF HOUSING SITUATION IN BAHRAIN, CENTERING ON THE SAD STORY OF AL BUSTAN, GIVES AMPLE EVIDENCE THAT OUR INABILITY TO MAKE COMMITMENTS AT TODAY'S HIGH RENTAL PRICES WILL TRAP US INTO HAVING TO PAY MUCH MORE FOR MUCH LESS IN THE FUTURE.

6. FYI: PLEASE TOUCH BASE WITH THE DESK, PARTICULARLY ON QUESTION STATUS PROPOSED AID TECHNICAL ADVISORS. CURRENT THINKING IS THAT UP TO FIVE MAY ARRIVE BY NEXT SUMMER WITH AS MANY AS TEN ON HAND BY MID-1976. WE ARE PROCEEDING ALONG LINES OF HAVING GOB PROVIDE HOUSING AS PART OF ITS CONTRIBUTION TO COST SHARING, WITH SHIRAWI INDICATING ABILITY TO PLACE UP TO TEN OF THE AMERICAN ADVISORS IN BUNGALOWS RESERVED FOR GOVERNMENT USE AT AWALI. HENCE IT APPEARS LIKELY THAT EMBASSY WILL NOT HAVE DIRECT RESPONSIBILITY FOR HOUSING TECHNICAL ADVISORS ALTHOUGH SOME OFFICE SPACE IN CHANCERY, AND PERHAPS TRANSIENT APARTMENT, MAY BE REQUIRED. END FYI.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANAMA00987
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740341-0663
From: MANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741115/aaaaamiz.tel
Line Count: 203
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by izenbei0>; APPROVED <20-Nov-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: : HOUSING OF CHANCERY IN MANAMA
TAGS: ABLD, BA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005